

NAPA COUNTY ECONOMIC FORECAST

The Napa County economy is expanding quickly. In 2017 it gained 1,500 jobs, representing a growth rate of 2.0 percent and placing near the average for all California counties. The best performing industries in the county were construction, manufacturing, leisure services, and government.

The 2017 wildfires, which burned many acres across Northern California, were a pivotal event for the Napa County economy. The fires destroyed approximately 650 homes and 450 non-residential structures, and displaced a substantial portion of the population and business community.

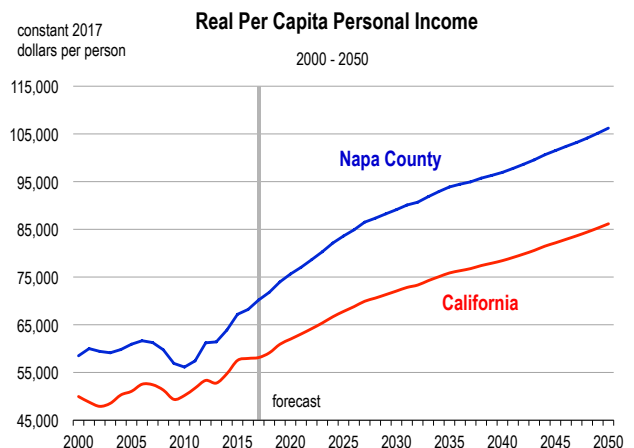
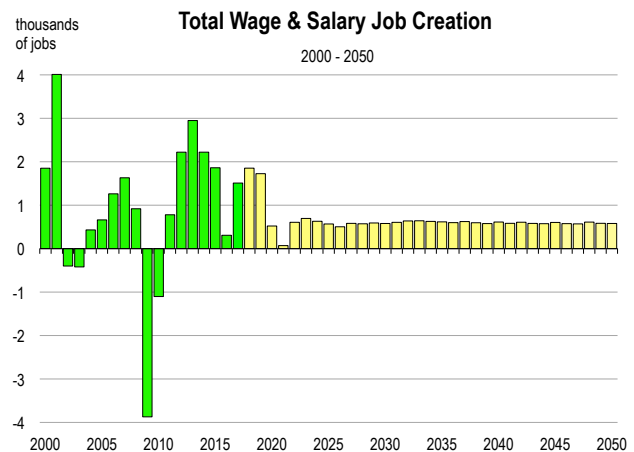
The fires will have the most pronounced impact on the construction industry. Most of the destroyed homes are expected to be rebuilt by 2020, creating extra demand for construction workers. More than 600 construction jobs could be created in 2018, with an additional 600 jobs created in 2019. After 2020, staffing levels will become dependent on broader trends in economic growth and demand for new structures.

The fires have also had a major impact on the leisure services sector. As people were displaced from their homes, many took temporary residence in local hotels, pushing the hotel occupancy rate to record levels. They also began to eat at restaurants more often, because they no longer had access to their own kitchens. Both of these factors created extra demand for hotel and food service workers, and will lead to strong job growth in the leisure industry until most homes have been rebuilt.

Contrary to popular belief, the fires had only minimal impact on local wineries. Only 14 wineries were damaged, representing just 3 percent of all wine production countywide. And while sales of finished wine were interrupted in the fourth quarter, the value of the 2017 grape harvest rose to \$736 million. Future growth could be hampered by competition from foreign wines, but local vintners created 1,000 new jobs in 2017 and should create more in 2018 and 2019.

FORECAST HIGHLIGHTS

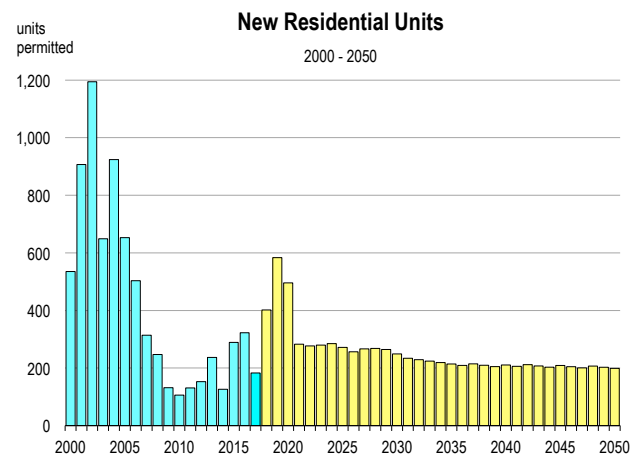
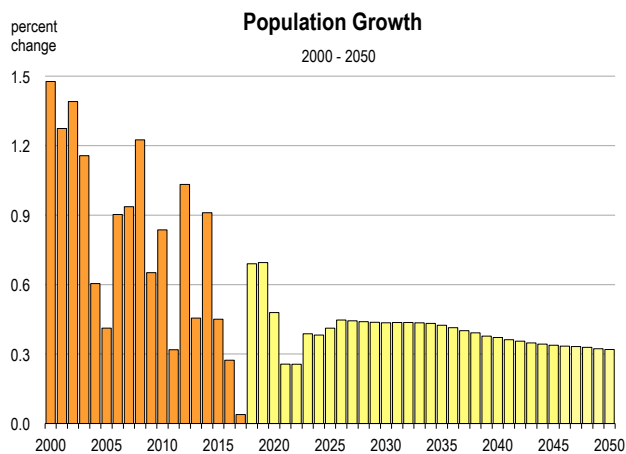
- Job growth of 2.4 percent is expected in 2018. Between 2018 and 2023, the annual growth rate will average 0.9 percent.
- Between 2018 and 2023, job creation will be concentrated in leisure services (mostly hotels and restaurants), manufacturing (almost exclusively at wineries), and professional business services. Combined, these industries will account for 67 percent of net job creation through 2023.
- The construction industry will generate a large number of jobs in 2018 and 2019, but may begin to lose jobs near the end of the forecast period.
- Housing production will accelerate over the next few years as homes are rebuilt. Between 2018 and 2023, ground will break on an average of 380 homes each year.
- Non-residential construction activity will remain strong over the forecast period. Many of the commercial structures destroyed in the fires will be rebuilt, and work will continue on the large industrial park in the American Canyon area. The county's development pipeline also contains 10 hotels that could go up in the coming years.
- Population growth is expected to average 0.4 percent per year from 2018 to 2023. Net migration was negative in 2017, but will turn positive in 2018 as people who were displaced by the fires begin to return to the county.
- Average salaries are below the California average, and will remain so over the foreseeable future. In Napa County, inflation-adjusted salaries are expected to rise by 2.0 percent per year from 2018 to 2023, which will be similar to statewide growth.



Napa County Economic Forecast

2010-2017 History, 2018-2050 Forecast

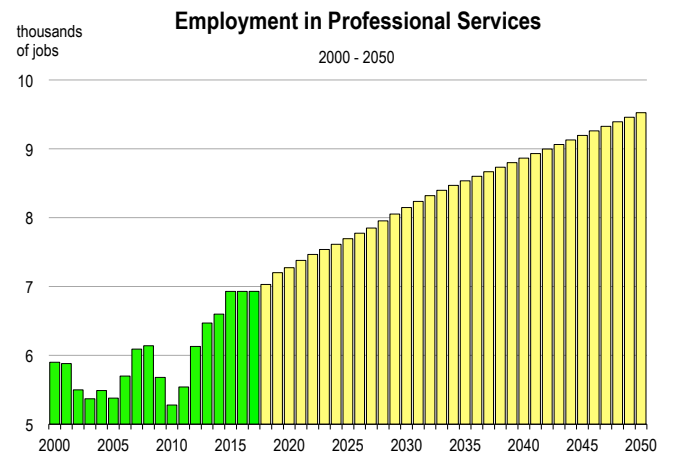
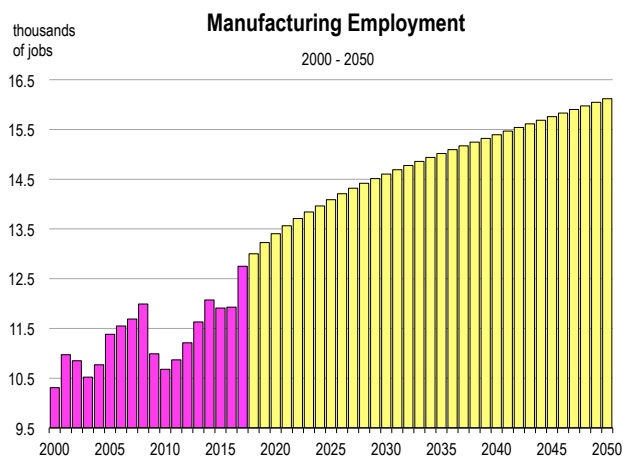
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	136,798	648	138	48.9	106	\$2.3	\$6.3	\$56,143	1.3	558.4	2.7	10.3
2011	137,234	77	137	49.0	131	\$2.5	\$6.7	\$57,423	2.7	507.4	2.6	9.8
2012	138,651	1,008	137	49.3	153	\$2.7	\$7.4	\$61,236	2.7	763.8	2.8	8.5
2013	139,282	460	141	49.7	237	\$2.9	\$7.6	\$61,429	2.3	743.5	3.1	6.9
2014	140,550	948	143	49.8	126	\$3.1	\$8.2	\$63,913	2.8	787.0	3.3	5.7
2015	141,183	382	146	50.0	289	\$3.3	\$8.9	\$67,178	2.6	588.8	3.3	4.6
2016	141,569	153	149	50.1	323	\$3.4	\$9.4	\$68,210	3.1	761.0	3.3	4.3
2017	141,624	-191	148	50.2	183	\$3.5	\$9.9	\$70,186	3.2	700.4	3.5	3.7
2018	142,601	739	150	50.4	402	\$3.6	\$10.6	\$71,818	3.7	711.7	3.8	3.3
2019	143,592	747	152	50.6	583	\$3.8	\$11.4	\$73,994	3.1	722.0	3.9	3.1
2020	144,280	440	154	50.9	496	\$4.0	\$12.2	\$75,657	4.1	732.6	4.0	3.2
2021	144,650	118	155	51.2	283	\$4.3	\$12.9	\$77,055	3.6	743.3	4.1	3.2
2022	145,021	112	156	51.5	277	\$4.4	\$13.6	\$78,652	3.5	754.3	4.2	3.4
2023	145,583	298	158	51.8	280	\$4.6	\$14.4	\$80,316	3.4	765.4	4.3	3.5
2024	146,139	290	159	52.0	285	\$4.8	\$15.3	\$82,118	3.3	776.7	4.5	3.7
2025	146,741	336	160	52.3	272	\$5.0	\$16.1	\$83,575	3.1	788.3	4.6	3.7
2026	147,397	388	161	52.6	257	\$5.3	\$17.0	\$84,911	3.1	800.0	4.7	3.7
2027	148,050	384	161	52.9	267	\$5.5	\$17.9	\$86,494	3.0	812.0	4.8	3.8
2028	148,702	379	162	53.1	268	\$5.8	\$18.7	\$87,318	3.3	824.2	5.0	3.8
2029	149,352	374	163	53.4	265	\$6.1	\$19.6	\$88,233	3.1	836.7	5.1	3.8
2030	150,001	371	164	53.7	249	\$6.3	\$20.5	\$89,146	3.0	849.5	5.2	3.8
2031	150,656	370	165	53.9	234	\$6.6	\$21.4	\$90,082	2.9	862.5	5.3	3.7
2032	151,313	369	166	54.2	229	\$7.0	\$22.3	\$90,659	3.1	875.9	5.5	3.8
2033	151,971	367	167	54.4	224	\$7.3	\$23.3	\$91,856	2.7	889.4	5.6	3.8
2034	152,628	366	167	54.6	219	\$7.7	\$24.3	\$92,901	2.9	903.3	5.7	3.7
2035	153,276	361	168	54.8	214	\$8.0	\$25.4	\$93,907	3.0	917.5	5.9	3.7
2036	153,910	357	169	55.0	209	\$8.4	\$26.5	\$94,458	3.4	931.9	6.0	3.7
2037	154,527	352	170	55.3	215	\$8.8	\$27.7	\$94,977	3.5	946.7	6.2	3.7
2038	155,132	347	171	55.5	210	\$9.2	\$29.0	\$95,752	3.3	961.8	6.3	3.7
2039	155,718	343	172	55.7	205	\$9.5	\$30.3	\$96,324	3.5	977.2	6.5	3.7
2040	156,297	338	172	55.9	211	\$9.9	\$31.6	\$96,963	3.4	992.9	6.6	3.7
2041	156,862	334	173	56.1	206	\$10.3	\$33.0	\$97,764	3.2	1008.9	6.8	3.7
2042	157,420	331	174	56.3	212	\$10.7	\$34.5	\$98,638	3.1	1025.3	6.9	3.7
2043	157,968	327	175	56.5	207	\$11.1	\$36.0	\$99,565	3.0	1042.0	7.1	3.7
2044	158,510	322	176	56.7	203	\$11.5	\$37.5	\$100,655	2.8	1059.1	7.3	3.7
2045	159,046	318	176	56.9	209	\$11.9	\$39.1	\$101,489	3.0	1076.5	7.5	3.7
2046	159,577	315	177	57.1	205	\$12.3	\$40.7	\$102,360	2.9	1094.3	7.6	3.7
2047	160,108	312	178	57.4	201	\$12.8	\$42.4	\$103,213	2.9	1112.5	7.8	3.7
2048	160,635	306	179	57.6	207	\$13.2	\$44.1	\$104,150	2.9	1131.0	8.0	3.7
2049	161,153	302	180	57.8	203	\$13.7	\$46.0	\$105,145	2.9	1150.0	8.2	3.7
2050	161,669	299	180	58.0	199	\$14.2	\$48.0	\$106,199	2.9	1169.3	8.4	3.7

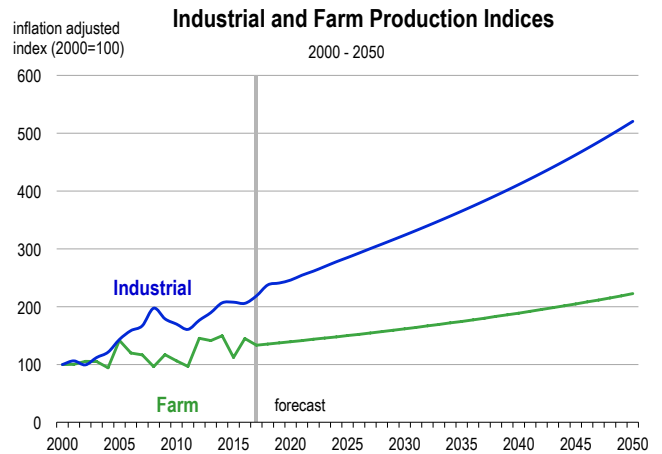
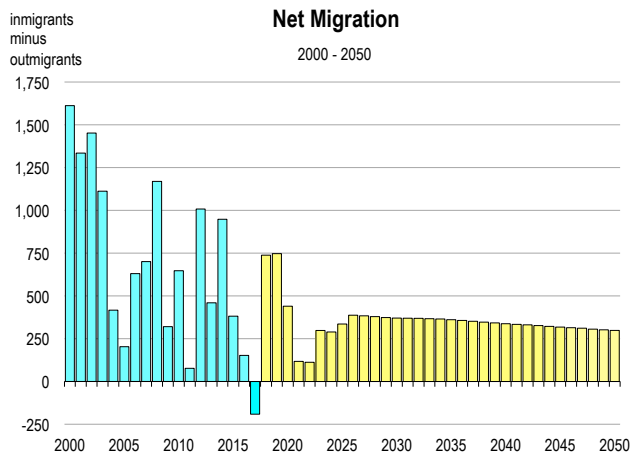
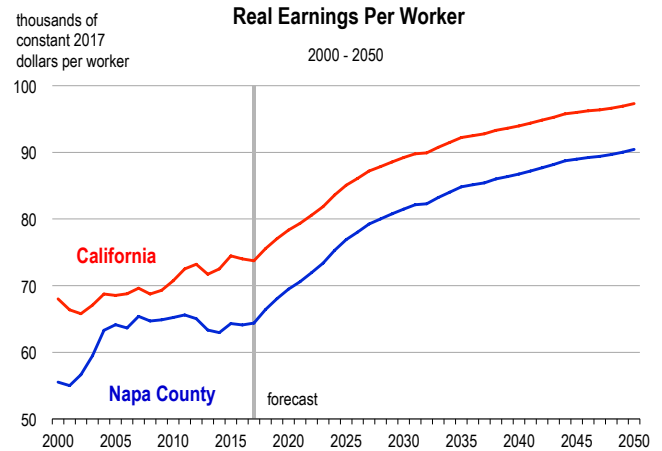
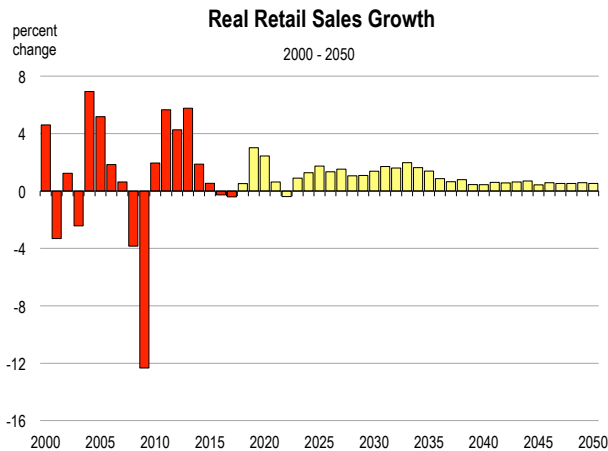


Napa County Employment Forecast

2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	employment (thousands of jobs)											
2010	65.5	4.67	2.6	10.7	1.5	7.3	2.3	5.3	0.6	9.0	9.3	10.4
2011	66.3	4.80	2.5	10.9	1.6	7.1	2.3	5.5	0.6	9.1	10.0	10.1
2012	68.5	4.81	2.7	11.2	1.8	7.3	2.3	6.1	0.5	9.4	10.7	9.9
2013	71.5	4.95	3.2	11.6	1.9	7.7	2.2	6.5	0.5	9.7	11.3	10.0
2014	73.7	4.94	3.7	12.1	2.0	7.9	2.3	6.6	0.5	9.9	11.9	10.0
2015	75.5	5.01	4.3	11.9	2.0	8.1	2.3	6.9	0.4	9.8	12.6	10.2
2016	75.9	4.97	4.0	11.9	2.0	8.1	2.4	6.9	0.4	9.9	12.7	10.4
2017	77.4	5.07	4.2	12.8	2.0	8.2	2.3	6.9	0.4	10.0	12.9	10.6
2018	79.2	5.11	4.8	13.0	2.0	8.2	2.3	7.0	0.4	10.1	13.3	10.7
2019	80.9	5.14	5.4	13.2	2.1	8.3	2.3	7.2	0.4	10.2	13.6	10.8
2020	81.5	5.17	5.2	13.4	2.1	8.4	2.3	7.3	0.4	10.3	13.7	10.9
2021	81.5	5.21	4.6	13.6	2.1	8.4	2.3	7.4	0.4	10.4	13.9	10.9
2022	82.1	5.24	4.5	13.7	2.1	8.5	2.3	7.5	0.4	10.5	14.2	10.9
2023	82.8	5.27	4.4	13.8	2.1	8.6	2.3	7.5	0.4	10.5	14.4	11.0
2024	83.5	5.31	4.4	14.0	2.1	8.6	2.3	7.6	0.4	10.6	14.5	11.0
2025	84.0	5.34	4.4	14.1	2.2	8.7	2.3	7.7	0.4	10.7	14.6	11.1
2026	84.5	5.37	4.3	14.2	2.2	8.8	2.4	7.8	0.4	10.7	14.7	11.2
2027	85.1	5.41	4.4	14.3	2.2	8.9	2.4	7.8	0.4	10.8	14.8	11.2
2028	85.7	5.44	4.4	14.4	2.2	8.9	2.4	8.0	0.4	10.9	14.9	11.3
2029	86.3	5.48	4.3	14.5	2.2	9.0	2.4	8.1	0.4	11.0	15.1	11.3
2030	86.9	5.51	4.3	14.6	2.3	9.1	2.4	8.1	0.4	11.1	15.2	11.3
2031	87.5	5.55	4.2	14.7	2.3	9.1	2.4	8.2	0.4	11.2	15.3	11.4
2032	88.1	5.58	4.2	14.8	2.3	9.2	2.4	8.3	0.4	11.4	15.5	11.4
2033	88.7	5.62	4.2	14.9	2.3	9.3	2.5	8.4	0.4	11.5	15.6	11.5
2034	89.4	5.65	4.2	14.9	2.3	9.4	2.5	8.5	0.4	11.6	15.8	11.5
2035	90.0	5.69	4.2	15.0	2.4	9.4	2.5	8.5	0.4	11.7	15.9	11.5
2036	90.6	5.72	4.2	15.1	2.4	9.5	2.5	8.6	0.4	11.9	16.1	11.6
2037	91.2	5.76	4.2	15.2	2.4	9.5	2.5	8.7	0.4	12.0	16.3	11.6
2038	91.8	5.79	4.2	15.2	2.4	9.6	2.5	8.7	0.4	12.1	16.4	11.7
2039	92.4	5.83	4.2	15.3	2.4	9.6	2.5	8.8	0.4	12.2	16.6	11.7
2040	93.0	5.87	4.2	15.4	2.5	9.7	2.5	8.9	0.4	12.3	16.7	11.8
2041	93.6	5.90	4.2	15.5	2.5	9.7	2.6	8.9	0.4	12.4	16.9	11.8
2042	94.2	5.94	4.2	15.5	2.5	9.8	2.6	9.0	0.4	12.6	17.0	11.8
2043	94.8	5.98	4.2	15.6	2.5	9.8	2.6	9.1	0.4	12.7	17.2	11.9
2044	95.3	6.01	4.2	15.7	2.5	9.9	2.6	9.1	0.4	12.8	17.4	11.9
2045	96.0	6.05	4.3	15.8	2.5	9.9	2.6	9.2	0.4	12.9	17.5	12.0
2046	96.5	6.09	4.3	15.8	2.5	9.9	2.6	9.3	0.4	13.0	17.7	12.0
2047	97.1	6.13	4.2	15.9	2.6	10.0	2.6	9.3	0.4	13.1	17.9	12.1
2048	97.7	6.16	4.3	16.0	2.6	10.0	2.6	9.4	0.4	13.2	18.0	12.1
2049	98.3	6.20	4.3	16.0	2.6	10.1	2.6	9.5	0.4	13.3	18.2	12.1
2050	98.9	6.24	4.3	16.1	2.6	10.1	2.7	9.5	0.4	13.4	18.4	12.2





County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	6.7%
Expected job growth:	4.6%
Fastest growing jobs sector:	Leisure Services
Expected personal income growth:	14.2%

Expected population growth:	2.1%
Net migration to account for:	57.6%
Expected growth in number of vehicles:	5.3%

Demographics (2018)

Unemployment rate (April 2018):	2.8%
County rank* in California (58 counties):	9th
Working age (16-64) population:	63.0%

Population with B.A. or higher:	32.9%
Median home selling price (2017):	\$604,000
Median household income:	\$84,506

Quality of Life

Violent crime rate (2016):	264 per 100,000 persons
County rank* in California (58 counties):	13th
Average commute time to work (2018):	27 minutes

High School drop out rate (2017):	4.6%
Households at/below poverty line (2018):	7.1%

* The county ranked 1st corresponds to the lowest rate in California